

Message Text

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ACTION ARA-10

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INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-01 XMB-04

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SUBJ: BOLIVIA PLANNING TO JOIN ASSOCIATION IRON EXPORTING
COUNTRIES AND OTHER RELATED MATTERS

REF: LA PAZ 6556

SUMMARY. PRESS OF OCTOBER 18 REPORTED MINMINING AND EXECUTIVES OF SIDERSA HAD LONG MEETING WITH PRESIDENT BANZER IN WHICH MINMINING EXPLAINED BENEFITS TO BOLIVIA OF JOINING AS OBSERVER ASSOCIATION OF IRON EXPORTING COUNTRIES (AIEC) SCHEDULED TO TAKE PLACE IN THE GENEVA NOVEMBE 4-6, 1974 MEETING OF AIEC

1. MINMINING, COL. J.A. ZELAYA, STATED AGREEMENTS TO BE ADOPTED AT GENEVA WILL ENABLE BOLIVIA TO IMPROVE SYSTEMS OF PRODUCTION AND MARKETING OF MUTUN MOUNTAIN MINERAL DEPOSIT (SEE REFTTEL AND EARLIER REPORTING) AND OTHER EXISTING IRON DEPOSITS IN BOLIVIA. ZELAYA POINTED OUT BOLIVIA WILL BE ONE OF MOST IMPORTANT IRON PRODUCING COUNTRIES IN SOUTH AMERICA BY EXPLOITING MUTUN.

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2. MAJOR CARLOS MORALES, GENERAL MANAGER SIDERSA, EXPLAINED THAT

AT GENEVA MEETING OF AIEC, STATUTES OF AIEC ARE TO BE DECIDED AND TWO TECHNICAL COMMISSIONS WILL BE FORMED TO STUDY AND PREPARE DOCUMENTS TO BE CONSIDERED AT FUTURE MEETING OF AIEC TO BE ATTENDED BY AIEC MINISTERS OF MINING.

3. AT MEETING WITH PRESIDENT BANZER, IT WAS ALSO ANNOUNCED THAT DELEGATES OF 19 IRON EXPORTING COUNTRIES WILL ATTEND GENEVA MEETING. BOLIVIA'S DELEGATION WILL BE HEADED BY ZELAYA AND SIDERSA'S TECHNICAL MANAGER, JAVIER SALINAS.

4. MINISTRY OF MINING OFFICIALS LATER INFORMED PRESS BOLIVIA SCHEDULED TO BE FULL MEMBER OF AIEC WHEN IT BEGINS EXPORTING IRON.

5. MORALES ALSO STATED THAT 8 COMPANIES ARE QUALIFIED TO TENDER THEIR PROPOSALS TO PARTICIPATE IN FEASIBILITY STUDIES LEADING TO CONSTRUCTION OF IRON-STEEL COMPLEX AT MUTUN. DEADLINE FOR BIDS IS DECEMBER 12, 1974. FEASIBILITY STUDY WORK IS EXPECTED TO BE COMPLETED IN TWO YEARS. FINANCING FOR FEASIBILITY STUDY TO BE OBTAINED FROM US\$ 10,000,000 BRAZILIAN CREDIT DISBURSEMENTS WHICH PRESENTLY BEING NEGOTIATED BY BOLIVIA'S NATIONAL FINANCE INSTITUTE (INDEF). MORALES ADDED BOLIVIA SENDING 12,000 METRIC TONS HEMATITE FROM MUTUN TO ZAPLA, ARGENTINE STEEL FIRM.

6. FINALLY MORALES STATES SIDERSA HAS FEASIBILITY STUDY TO EXPLORE FOR MANGANESE BED LOCATED ABOUT MIDWAY UP MUTUN MOUNTAIN ON ITS NORTHERMOST POINT. ESTIMATE OF MANGANESE RESERVES REPORTEDLY 500,000 TONS WHICH COULD BE MINED IN FIVE YEARS.

7. COMMENT: (A) AT LEAST THREE U.S. FIRMS UNDERSTOOD TO BE BIDDING ON IRON/STEEL COMPLEX FEASIBILITY STUDIES. THEY ARE KAISER, MC KEY AND BECHTEL.

(B) SIDERSA OFFICIAL RECENTLY EXPRESSED INTEREST IN SELLING MANGANESE FOUND IN MUTUN MOUNTAIN TO U.S. STEEL. U.S. STEEL PREVIOUSLY MINED MANGANESE FROM URUCUM MOUNTAIN IN BRAZIL, CLOSE TO MUTUN, AND SHIPPED MANGANESE ORE IN BARGES DOWN PARAGUAY AND PARANA RIVERS. MORE INFORMATION ON THIS WILL FOLLOW ASAP.
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